



MAATFA
FAMILY
RECREATION AT
ITS BEST

Malaysian Association of Amusement Theme Park & Family Attractions Persatuan Taman Tema dan Pusat Hiburan Keluarga Malaysia

MAATFA Secretariat

No. 10 Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, Glenmarie, 40150 Shah Alam, Selangor D.E., MALAYSIA

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12 March 2020

Prime Minister's Office

Main Block, Perdana Putra Building
Federal Government Administrative Centre
62502 Putrajaya

YAB Tan Sri Dato' Hj. Muhyiddin Bin Hj. Mohd Yassin,

On behalf of the members of the Malaysian Association of Amusement Theme Park and Family Attractions (MAATFA) as well as of other theme park owners, I would like to humbly submit our request for your ministry to kindly review the Entertainment Duty Act (EDA) 1953 for it to be repealed, which will be uniformly applied across the board for all businesses related to theme parks and family entertainment centers in the country.

It must be stressed at the outset that it was most unfortunate for theme parks to have been categorized as a business under the 'entertainment' industry without considering the ramifications it has on the industry itself as well as the long term effects on tourism in the country as a whole.

It has to be borne in mind that the Act was passed and introduced during the colonial era with the view to taxing entertainment establishments providing strip tease shows, erotic cabaret shows and stage performances as part of the hitherto old amusement park and fun fair concepts. The introduction of the Act was akin to imposing the 'sin tax' of the days of old.

Contrary to that, theme parks in existence worldwide adopt the concept of healthy, family-friendly entertainment and in Malaysia theme parks are dynamically bound as an integral component of the country's tourism industry.

It is a widely accepted fact that theme parks are important catalysts to the tourism industry in the countries they operate in and they generate huge economic spin-offs. This fact has been proven to be true in Dubai (UAE), Orlando (USA), Billund, Sentosa (Singapore) and Hong Kong. Worth mentioning that these countries impose zero entertainment tax on theme parks and family entertainment centers.

It must be borne in mind however that theme parks are capital-intensive businesses which require a longer period to recover the rate of return on investment and this fact alone is succinctly sufficient for theme parks and family entertainment centers to be accorded the priority either for tax exemptions for an initial period and reduction of the tariff on duty thereafter.

Despite the high capital investment involved in the establishment of our business premises and the high cost of their maintenance, we are nonetheless committed to assisting the Government to further develop, enhance and boost the country's economy through tourism by offering safe and healthy education and fun as well as healthy family entertainment concept which are targeted at every visitors, locals or foreigners irrespective. As most theme parks and attractions are supported by low and middle income families, it is important for us to maintain prices that are accessible by all.



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We wish to reiterate that theme parks and family entertainment centers are not amusement parks, funfairs or 'sin' parks per se and they should not be categorized as such so as to be drawn into the tax rates imposed according to the provisions of the EDA 1953. A double jeopardy strikes in our midst when additionally we are legally bound to pay for the corporate income tax too despite the high capital intensiveness as well as the extremely slow rate of return experienced by us involved in this particular industry.

On to the latest development of COVID-19, any aggressive yet continuous provision from the Malaysian government to support the sustainability of theme parks and attractions within the country would be greeted with pronounced positivity. We wish to draw your attention that the mainstream media had recently reported that Malaysia has emerged in the forefront as the theme park capital of ASEAN. This is by no means a coincidence for Malaysia has been the pioneer of theme parks in the region and this industry has played a major and important role in contributing to the success story of Malaysia's tourism industry. However, the future seems dreary with the closure of museums, galleries and small to mid-sized amusement parks around the country, as cash flow buoyancy remains uncertain.

It must be stressed that theme parks have recorded a seven (7) figure deficit in admission and in-park revenue collection since January 2020. Attendance for both domestic and regional market continue to decline, with paid footfalls achieving only 20% of total budget. In-park activity vendors, ranging from photo and imaging solutions to consignment suppliers have suspended operation, making it even more difficult for operators to hit breakeven.

It is believed that the total industry losses for Q1 YTD 2020 is at RM300, 000, 000 and the number is expected to increase with total park closure due to the Movement Control Order (MCO). While aggressive cost savings measure were deployed, any momentum gained were negated due to high fixed operational cost (OPEX), especially in manpower that accounts 30% to 50% of OPEX, 7,000 headcount in quantum. It is indeed, a labor intensive industry as we strive to offer Malaysian hospitality at its best. In addition, our hands are also tied with utility commitments, with monthly obligations going as high as RM500, 000. New theme parks and attractions are also servicing bank loans and other financing cost irrespective of lower footfall and COVID-19.

It is our earnest hope that our appeal on this matter will meet with your kind consideration and we humbly urge you to consider, in the light of our foregoing explanations, to introduce an improved stimulus package which addresses the following:

- a) To repeal the 1953 Act or to specifically exclude us from the current tariff imposed under the provisions of same Act for a certain period to be decided by the Government.
- b) Subsidies for theme park employees, not limited to those on leave without pay, but to companies with negative cash flow due to the pandemic.
- c) 50% utility rebate across the board.
- d) Tax deduction to companies:
 - i. Engaging and paying salaries to the B40 group



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- ii. Engaging and paying salaries to local workers
- iii. On corporate taxes to boost the tourism industry during this pandemic period
- e) Banks to allow deferment of the loan principle payment, without any discredit as this is a temporary measure to maintain sustainability and to reduce retrenchments.

In addition, MAATFA will be launching its very first theme park directory and it is most appreciative if you could contribute a one-page cover note to officiate this momentous initiative. We will mobilize key MAATFA leaders to explain this in detail should a courtesy visit to your good office in granted.

Finally, we wish to thank you for your indulgence and most kind consideration and we look forward to receiving a favorable response from you in due time.

Thank you.

Yours sincerely,

Tan Sri Richard CK Koh
MAATFA President

Cc;

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